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Executive Registry

79-4086

NFAC #2372/79

15 May 1979

MEMORANDUM FOR: Director of Central Intelligence

VIA : Deputy Director for National Foreign Assessment

FROM : Associate Coordinator for Academic Relations, NFAC

SUBJECT : Arms Transfer Problems: Need for More Research

1. Action Requested: Approval of this proposal to schedule a discussion/dinner on the above subject. The date of Thursday, 14 June, has been set aside on your calendar for this purpose.

2. Background: The demand for intelligence information and analysis on capabilities for arms production in other OECD countries has been increasing dramatically of late. Reasons include: (1) SALT III discussions of NATO theater nuclear forces, (2) a renewal of concern with how to adjust the NATO-Warsaw Pact balance of military power, and (3) an anticipated review this fall of PD-13 (May 1977), which established our policy of conventional arms transfer restraint. The main focus is on the possible contributions and complications that NATO defense industries create for US defense interests.

3. Indeed, over the past year, growing demand for information on these industries has revealed some important intelligence research gaps. Principally, we have failed to cover adequately questions dealing with: (a) compatibility, complementarity, and competition of West European arms industries with US defense industries, (b) intra-NATO arms transfers and associated problems (standardization, interoperability and rationalization) including co-production arrangements, and (c) NATO defense budgeting insofar as it affects military capability. Additionally, we have and will continue to face requests stemming from policymakers concerned with the problem of how to manage competition for shares of the Third World arms market (\$20 billion annually for the last five years) and how to deal with the proliferation of newly emerging defense industries in the Third World.

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SUBJECT: Arms Transfer Problems: Need for More Research

APPROVED:



Director of Central Intelligence

DISAPPROVED:

Director of Central Intelligence

DATE: 10 MAY 1979

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